

par with gold.¹ There was an industrial crisis in Java in 1886, which was attributed in some quarters to the maintenance of the gold standard of wages and prices, but the planters adopted improved methods of production and recent years have been years of prosperity.

From 1861 to 1908 the highest course of exchange was 12.17 florins and the lowest 11.35 florins, par being 11.91.* The note circulation of the bank was 58,451,000 florins (\$23,380,000) March 31, 1906, and the metallic reserve was 30,867,000 florins (\$12,347,000).* The circulation was substantially unchanged in 1908, but the metallic reserve had risen to 37,710,299 florins. Discounts were 14,317,783 florins. The reserve is required to be not less than forty per cent, of demand liabilities, and three-fourths must be in standard coins. The bank has a monopoly of note issue in Netherlands India, and its notes are received at public offices in the absence of contrary instructions on the part of the Governor-General, but they are not legal tender between individuals.*

Banking in India.

The issue of circulating notes through the medium of banks was brought to an end in India in 1861, but prior to that date there was a flourishing system of banks of issue. Banking in India in the early days of European supremacy was subject to no fixed regulations. The bulk of the business was transacted for many years by the "agency houses," founded by civil and military employees who had retired from the active service of the East India Company to go into private business. They made loans to the company at a high rate during the latter part of the last century, but the rate had fallen by 1813 to six per cent, and the debt had

¹ Letter from Mr. Van den Berg, *Report of the Indian Currency Committee*, Sen. Misc. Doc. 23, Fifty-third Cong., 1st Sess., 573.

² *Economists Français*, July 25, 1908, 130.

³ *Jaarcijfers Voorhet Koninkrijk der Nederlanden, Kolonun*, 1906, 82.

⁴ Van den Berg, *The Money Market and Paper Currency of British India*, 44.